



DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 18, 2025

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East Miller Office Building
Annapolis, MD 21401-1991

RE: Senate Bill (SB) 679 - Nursing Homes – Direct Care Wages and Benefits and Cost Reports (Nursing Home Care Crisis Transparency Act) – Letter of Support with Amendments

Dear Chair Beidle and Committee Members:

The Maryland Department of Health (Department) respectfully submits this letter of support with amendments for Senate Bill (SB) 679 - Nursing Homes – Direct Care Wages and Benefits and Cost Reports (Nursing Home Care Crisis Transparency Act).

As drafted, SB 679 would require the Department to ensure that each nursing facility reimbursed by the Maryland Medical Assistance Program expends at least 75% of its total nursing and residential care revenue for wages and benefits of direct care workforce beginning June 1, 2025. Additionally, beginning September 2026, each year, each nursing facility would submit a cost report to the Department including wage disbursement documentation and any other information the Department determines necessary. The Department would also be responsible for taking enforcement action identified in the bill if nursing facilities fail to submit the required cost report; report inaccurately or inadequately; and fail to pay the wages in the required amounts.

The Department acknowledges and appreciates the bill's intention to address issues surrounding nursing home staffing and wages. Regarding the cost reporting provision, the Department is committed to strengthening the cost reporting and data collection process so that the Department and the public have better insight into current rates that could potentially inform setting rates and compliance thresholds in the future. The Department currently collects data from nursing facilities annually that informs rebasing of nursing facility rates every two years. Starting in fiscal year (FY) 2025, the report template for providers also includes additional data points, including breakdown of costs by the type of staff (e.g., registered nurse, licensed practical nurse, etc.). This will enable the Department to have greater insight into nursing facility costs. Additionally, the Centers for Medicare & Medicaid Services (CMS) finalized a regulation last

year¹ that will likely require additional amendments to reporting starting in 2028. CMS has said that guidance is forthcoming.

Because these reporting requirements are already in place and in the process of being amended to address new CMS regulations, the Department proposes to amend the bill to align with existing cost reporting requirements. If the bill is not aligned with the existing process, it will require additional Department and provider resources and time to modify systems that collect and report data for cost reporting.

The data from the new cost reporting process will bring new transparency that can then inform future rate and enforcement requirements. It would be premature prior to receiving the data to set any requirements around committing a certain amount of revenue to wages. Therefore, the Department proposes an amendment to remove the requirement for nursing facilities to report that 75% of their revenue is expended for wages and benefits of direct care workforce and requirement for new enforcement actions.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Laura Herrera Scott', written in a cursive style.

Laura Herrera Scott, M.D., M.P.H.
Secretary

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<https://www.federalregister.gov/documents/2024/05/10/2024-08273/medicare-and-medicaid-programs-minimum-staffing-standards-for-long-term-care-facilities-and-medicaid>

In the Senate Finance Committee

AMENDMENTS TO SENATE BILL 679

(First Reading File Bill)

On page 1, strike the lines beginning with line 16 down through line 21, inclusive.

On page 2, strike the lines beginning with line 12 down through line 25, inclusive.